

**STATEMENT OF SENATOR CHARLES E. GRASSLEY**  
**CHAIRMAN, SPECIAL COMMITTEE ON AGING**  
**RETIRING BABY BOOMERS: MEETING THE CHALLENGES**

**Thursday, March 6, 1997**

Today the Committee will consider what is certainly one of the largest public policy challenges we face as a nation: providing health and income security in retirement for the 76 million Baby Boomers who begin retirement just a few short years from now in 2010.

Our hearing today is based on the assumption that meeting this challenge will not be easy. Baby Boomers constitute one of the largest distinguishable generations in our history. They are followed by a much smaller generation of Baby Busters. Thus, when the Baby Boomers retire, a smaller population of workers will find themselves supporting a larger population of retirees. The per capita costs of medical services provided through the program on which the vast majority of retirees depend for their health care -- Medicare --- have been increasing rapidly, and may well continue to do so into the future. Finally, the number of 85 year olds -- who use more medical services than younger groups -- will probably continue to be a rapidly growing group.

The result of all this could well be that, when the Baby Boomers retire, we will be unable to sustain as presently structured those programs on which the elderly depend for health and income security. If we do try to continue them in their present form, the spending they require could squeeze out spending for other vital national goals. Some economists also believe that, without reducing the rate of growth in spending of these programs, net saving and investment could fall and lead to a declining standard of living. Similarly, employers may also find it difficult to continue adequate retiree health and pension programs.

Our first panel of very distinguished witnesses will lay out these potential future challenges to Medicare, Social Security and to private retiree health and pension programs. I think that their testimony will underscore the need to act soon.

Our challenge is to provide health and income security for Baby Boomers while avoiding the gloomy future I just outlined. I think it is fair to say that both Senator Breaux and I are optimists. We think we can accomplish this. But it will require the commitment of government, employers, communities and a strong dose of individual responsibility to insure a secure retirement for the Baby Boomers. Our third panel of witnesses have thought carefully about what we must do as a nation to manage the transition into and through retirement of this very large generation of Americans. I think that our witnesses also believe that we can manage this transition. But I think that they also believe that we must begin immediately, and that it won't be easy.

The contribution of public opinion in managing the retirement of the Baby Boomers is also critical. A hearing on this topic would not be complete without a review of whether the public is willing to support the steps needed to accomplish the goal of providing health and income security for retired Baby Boomers. The public must not only be convinced that we have a problem, but must be willing to support efforts to deal with it. So we have invited a distinguished witness who is very knowledgeable, from years of survey work, about public attitudes about Medicare, Social Security and how health and income security will be provided for future retirees. She will testify as our second panel and share the results of a recent poll as well as the perspective gained by studying polling trends for many years. I

think the Committee will find her testimony very interesting.

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